York Pacific Holdings Ltd v U-Re Auto Sdn Bhd

HIGH COURT (KUALA LUMPUR) — SUIT NO D5-22-925-1994
KAMALANATHAN RATNAM JC
25 JUNE 1997

Trade Mark *— Infringement of — Ownership of trade mark — Unregistered trade mark — Whether assignment of unregistered trade mark together with the goodwill of business associated with it was valid — Whether plaintiff had acquired independent rights to the goodwill of the trade mark by extensive use and advertisement of the trade mark and the goods associated with the mark — Whether the change of plaintiff's corporate name and logo before commencement of trial was relevant — Trade Marks Act 1976 s 82(1), (2)*

Trade Mark *— Passing off — Elements of — Whether plaintiff had successfully established — Whether plaintiff had sufficient reputation or goodwill in the trade mark — Whether there was confusion and deception in the market — Whether plaintiff had suffered or likely to suffer damage or injury to its business or goodwill*

The plaintiff was the beneficial and common law owner of the trade mark York Big D ('the mark') as applied on automotive parts including fifth wheel coupler units. The mark was assigned with goodwill from Autolifts & Engineering Co Ltd ('Autolifts') on 11 September 1992 to the plaintiff and is pending registration in Malaysia. The mark was first used by York Trailer Co Ltd of United Kingdom ('York Trailer') and the fifth wheel coupler units bearing the mark ('the units') were distributed and sold in Malaysia from at least 1978 through their authorized dealers. York Trailer and its subsidiary, Autolifts, the applicant for the registration of the mark, were placed under receivership sometime in 1991. The business of Autolifts in the Asia/Pacific region was acquired by the plaintiff in 1991 and the goodwill and rights to the mark for the Asia/Pacific region was assigned to the plaintiff sometime in 1991.

The mark consisted of the words 'York Big D' presented in a stylished manner and was distinctive of the plaintiff's good and of no one else. The units include a prominent and distinctive embossment of the capital letter 'D' on its upper surface body ('the embossment'). The units bearing the mark and the embossment had been and was distributed for sale under licence in Malaysia since 1979 by Truckmaster (M) Sdn Bhd ('Truckmaster').

It was the plaintiff's contention, inter alia, that the plaintiff and/or its predecessors in title to the mark and its exclusive distributor in Malaysia, Truckmaster, had expended large sums of money in promoting the products with the mark and the embossment in Malaysia and that the plaintiff and/or Truckmaster had at all material times made extensive use of and have actively and extensively promoted, marketed and distributed the mark and the embossment in relation to the units. By such extensive use, promotion and advertisements in Malaysia and in other countries, the plaintiff argued

A that it has acquired substantial reputation and had valuable goodwill in the mark and in the embossment when used on the units.

It was the plaintiff's case that the defendant had put into the market, sold or offered to sell fifth wheel coupler units not connected with the plaintiff's manufacture and merchandise bearing a trade B mark which was almost identical and was substantially similar to the plaintiff's trade mark and bearing an embossment of the capital letter 'D' on the upper surface of the coupler unit. The plaintiff contended that the use by the defendant of the offending trade mark on their fifth wheel coupler units was calculated to lead and had led innocent purchasers to deception and to the belief that the defendant's said C fifth wheel coupler units were the fifth wheel coupler units of the plaintiff and has further calculated to cause and had caused fifth wheel coupler units not of the plaintiff's manufacture and merchandise to be passed off as and for the fifth wheel coupler units of the plaintiff thereby causing the plaintiff to suffer damage. The plaintiff applied, D inter alia, for an injunction to restrain the defendant or its servants or otherwise from passing off or attempting to pass off fifth wheel coupler units not the fifth wheel coupler units of the plaintiff.

Held, allowing the application:

E (1) All the rights in the trade mark York Big D including all the goodwill associated with the mark in Malaysia were validly assigned by virtue of the sale of shares agreement dated 20 December 1991 and the deed of assignment dated 11 September 1992 respectively.

Even if the said agreement and deed of assignment were not F valid, the plaintiff would have still acquired independent rights to the goodwill of the trade mark York Big D by virtue of extensive use and advertisement of the trade mark and the goods associated with the mark since the date the agreement was signed. Being the lawful owner of the York Big D trade mark and the G goodwill associated with it, the plaintiff thus had the locus standi to institute this action.

Further, the defendant was labouring under the misconception that the receivers owned the trade mark York Big D and the associated goodwill in their personal capacities and that therefore the receivers must personally execute the agreement. The receivers H merely stepped into the shoes of the board of directors of the company under receivership to carry out the duties laid out in the debenture dated 30 June 1988 issued by the vendors and others. Therefore, the defendant's contention that the receivers must sign the agreement separately as a party was untenable in I law and there was no reason why the goodwill associated with the trade mark York Big D could not be assigned to a third party, in this case, the plaintiff, who continued the business without interruption thereafter (see pp 95G–I and 96E–H).

(2) The fact that the plaintiff had changed its corporate name and logo had no relevance as the present action was one of passing off of goods and not one of passing off of the plaintiff's trade name. A corporate name cannot function as trade mark and therefore a corporate name can be changed without any corresponding change in the trade mark (see p 97B–D).

(3) The use of the York trade mark on air-conditioners which were patently a different class of goods as compared to fifth wheel coupler units and were distributed in different channels of trade in no way destroyed the distinctiveness of the York Big D mark as applied on fifth wheel coupler units (see p 98H).

(4) The court in deciding whether there is confusion and deception adopts a realistic stand. The absence of advertisements and promotions by the defendant on the introduction of its fifth wheel coupler units and the adoption of the York Big D trade mark showed that it intended to rely on the goodwill and reputation of the plaintiff's trade mark to sell its products. There was no requirement for the plaintiff to prove actual deception or confusion. The adoption of the York Big D trade mark by the defendant was very likely to cause confusion and deception in the market (see p 99C–H and 100G); *Compagnie Generale Des Eaux v Compagnie Generale Des Eaux Sdn Bhd* [1996] 3 AMR 4015, *Tiga Gajah Cho Heng Sdn Bhd v Majuperak Tepung Beras Sdn Bhd* [1997] 4 MLJ 504, *Seixo v Provezende* [1866] 1 Ch App 192, *Seet Chuan Seng & Anor v Tee Yih Jia Foods Manufacturing Pte Ltd* [1994] 2 MLJ 770 and *Erven Warnink Besloten Vennootschap & Anor v J Townend & Sons (Hull) Ltd & Anor* [1979] AC 731 followed.

(5) The plaintiff's evidence that the quality standard of the coupler units sold by the defendant was inferior in quality remained unchallenged by the defendant. The coupler units sold by the defendant were in all probability those coupler units rejected by the plaintiff at the source for failing to meet the quality standards of the plaintiff, and which thereafter had been imported by the defendant for resale into Malaysia. No clarification or disclaimer was marked on the labels or on the products or any product brochures. The defendant's products were not sold as factory rejects or factory seconds, but instead sold as the original product. It was very clear that the defendant represented its products as identical in all aspects to the plaintiff's products when the facts showed otherwise (see pp 103F–G, 104C–G and 105A).

(6) The plaintiff had adduced sufficient evidence to show that it had suffered damage to its business or goodwill. Apart from damage from direct loss of sales, there was also damage to the plaintiff arising from lower quality of the defendant's coupler units from that of the plaintiff's. The plaintiff was exposed to liability and the risk of litigation as a result of the defendant selling inferior quality coupler units under a trade mark which had long been

A associated by the public with the plaintiff. The plaintiff had suffered confusion per se as a direct consequence of the defendant's offending activities (see p 106F–I).

Obiter:

B The acts of deception practised by the retail outlets of the defendant were attributable to the defendant for it was the defendant who had chosen to put an instrument of fraud into the retailers' hand. The defendant was liable for the acts of the retailers (see p 106E).

[Bahasa Malaysia summary

C Plaintif adalah pemilik benefisial dan common law tanda niaga York Big D ('tanda tersebut') seperti yang digunakan pada bahagian kereta termasuk unit 'fifth wheel coupler'. Tanda tersebut telah diserahhak dengan nama baik daripada Autolifts & Engineering Co Ltd ('Autolifts') pada 11 September 1992 kepada plaintif dan sedang D menunggu pendaftaran di Malaysia. Tanda tersebut mula digunakan oleh York Trailer Co Ltd dari United Kingdom ('York Trailer') dan unit 'fifth wheel coupler' yang membawa tanda tersebut ('unit-unit tersebut') telah diedarkan dan dijual di Malaysia sekurang-kurangnya dari tahun 1978 menerusi pengedar yang sahih. York Trailer dan subsidiarinya, Autolifts, pemohon untuk pendaftaran tanda tersebut, E telah diletak di bawah penerimaan sekitar tahun 1991. Perniagaan Autolifts di kawasan Asia/Pasifik diperolehi oleh plaintif pada tahun 1991 dan nama baik dan hak tanda niaga untuk kawasan Asia/Pasifik diserahhak kepada plaintif sekitar tahun 1991.

Tanda niaga tersebut terdiri daripada 'York Big D' yang F dipersembahkan dalam cara yang bergaya dan berbeza daripada barangan plaintif dan tiada siapa yang lain. Unit-unit tersebut termasuk suatu cetakan timbul huruf besar 'D' yang menonjol dan tersendiri pada bahagian atas ('cetakan timbul'). Unit-unit yang membawa tanda niaga tersebut dan cetakan timbul telah pun dan memang diedar untuk jualan di bawah lesen di Malaysia sejak tahun G 1979 oleh Truckmaster (M) Sdn Bhd ('Truckmaster').

Adalah hujah plaintif, antara lain, bahawa plaintif dan/atau pendulu dalam hakmilik tanda niaga tersebut dan pengedar eksklusifnya di Malaysia, Truckmaster telah membelanja jumlah wang yang banyak dalam mempromosikan keluaran-keluaran dengan tanda H niaga tersebut dan cetakan timbul di Malaysia dan bahawa plaintif dan/atau Truckmaster pada semua masa material telah menggunakan secara meluas dan telah mempromosikan, memasarkan dan mengedar tanda niaga tersebut dan cetakan timbul berhubung dengan unit-unit tersebut secara aktif dan meluas. Melalui penggunaan, promosi dan I pengiklanan meluas di Malaysia dan di negara-negara lain, plaintif berhujah bahawa ia telah memperolehi reputasi yang substantial dan mempunyai nama baik yang bernilai dalam tanda niaga tersebut dan dalam cetakan timbul apabila digunakan pada unit-unit tersebut.

Adalah kes plaintif bahawa defendan telah memasarkan, menjual atau menawar untuk menjual unit-unit 'fifth wheel coupler' yang tidak berkaitan dengan pengilangan dan barangan plaintif yang membawa tanda niaga yang hampir serupa dengan dan adalah serupa secara substantial dengan tanda niaga plaintif yang membawa cetakan timbul huruf besar 'D' pada bahagian atas unit 'coupler'. Plaintif menghujahkan bahawa penggunaan tanda niaga yang melanggar oleh defendan pada unit-unit 'fifth wheel coupler' mereka adalah dijangka dan telah memperdaya pembeli yang ikhlas dan menimbulkan kepercayaan bahawa unit-unit 'fifth wheel coupler' defendan yang dikatakan adalah unit-unit 'fifth wheel coupler' plaintif dan selanjutnya telah dijangka menyebabkan unit-unit 'fifth wheel coupler' yang bukan pengilangan dan barangan plaintif menyelirupa sebagai dan untuk unit-unit 'fifth wheel coupler' plaintif lalu menyebabkan plaintif mengalami kerosakan. Plaintif memohon, antara lain, untuk suatu injunksi bagi menahan defendan atau pekerjanya atau yang lainnya daripada menyelirupa atau cuba menyelirupa unit-unit 'fifth wheel coupler' yang bukan unit-unit 'fifth wheel coupler' kepunyaan plaintif.

Diputuskan, membenarkan permohonan:

(1) Segala hak dalam tanda niaga York Big D termasuk semua nama baik yang dikaitkan dengan tanda itu di Malaysia telah diserahhak dengan sah disebabkan perjanjian jualan saham bertarikh 20 Disember 1991 dan suratikatan penyerahhakan bertarikh 11 September 1992 masing-masing.

Sekalipun perjanjian yang dikatakan dan suratikatan penyerahhakan adalah tak sah, plaintif masih memperolehi hak bebas nama baik tanda niaga York Big D disebabkan penggunaan dan pengiklanan meluas tanda niaga tersebut dan barangan yang dikaitkan dengannya sejak tarikh perjanjian ditandatangani. Sebagai pemilik sah tanda niaga York Big D dan nama baik yang dikaitkan dengannya, justeru itu plaintif mempunyai locus standi untuk memulakan tindakan ini.

Seterusnya, defendan berusaha di bawah tanggapan salah bahawa pihak penerima memiliki tanda niaga York Big D dan nama baik yang dikaitkan dengannya dalam keupayaan peribadi mereka dan bahawa dengan itu pihak penerima mesti melaksanakan perjanjian secara peribadi. Pihak penerima cuma berdiri dalam tempat lembaga pengarah syarikat yang di bawah penerimaan untuk menjalankan tugas yang dinyatakan dalam debentur bertarikh 30 Jun 1988 yang dikeluarkan oleh penjual dan lain-lain. Maka, hujah defendan bahawa pihak penerima mesti menandatangani perjanjian secara berasingan sebagai suiatu pihak tidak boleh kekal di sisi undang-undang dan oleh itu tiada sebab mengapa nama baik yang dikaitkan dengan tanda niaga York Big D tidak boleh diserahhak kepada pihak ketiga, dalam kes ini, plaintif, yang meneruskan perniagaan tanpa gangguan selepas itu (lihat ms 95G–I dan 96E–H).

(2) Fakta bahawa plaintif telah menukar nama dan logo korporat adalah tidak relevan kerana tindakan ini adalah tindakan kelirupaan barangan dan bukan tindakan kelirupaan nama perniagaan plaintif. Suatu nama korporat tidak boleh berfungsi sebagai tanda niaga dan dengan itu suatu nama korporat boleh ditukar tanpa sebarang penukaran yang sepadan dalam tanda niaga (lihat ms 97B–D).

(3) Penggunaan tanda niaga York pada alat hawa dingin yang merupakan kelas barangan yang berlainan berbanding dengan unit-unit 'fifth wheel coupler' dan diedarkan dalam rangkaian perniagaan yang berlainan tidak memusnahkan sifat tersendiri tanda York Big D sama sekali sebagaimana yang digunakan pada unit-unit 'fifth wheel coupler' (lihat ms 98H).

(4) Mahkamah dalam memutuskan sama ada terdapat kekeliruan dan perdayaan menerima-pakai pendirian yang realistik. Ketiadaan pengiklanan dan promosi oleh defendan tentang pengenalan unit-unit 'fifth wheel coupler' dan penerimapakaian tanda niaga York Big D menunjukkan bahawa ia berhasrat bergantung pada nama baik dan reputasi tanda niaga plaintif untuk menjual keluarannya. Tiada keperluan untuk plaintif membuktikan perdayaan atau kekeliruan sebenar. Penerimapakaian tanda niaga York Big D oleh defendan mungkin menyebabkan kekeliruan dan perdayaan dalam pasaran (lihat ms 99C–H dan 100G); *Compagnie Generale Des Eaux v Compagnie Generale Des Eaux Sdn Bhd* [1996] 3 AMR 4015, *Tiga Gajah Cho Heng Sdn Bhd v Majuperak Tepung Beras Sdn Bhd* [1997] 4 MLJ 504, *Seixo v Provezende* [1866] 1 Ch App 192, *Seet Chuan Seng & Anor v Tee Yih Jia Foods Manufacturing Pte Ltd* [1994] 2 MLJ 770 dan *Erven Warnink Besloten Vennootschap & Anor v J Townend & Sons (Hull) Ltd & Anor* [1979] AC 731 diikut.

(5) Keterangan plaintif bahawa darjah mutu unit-unit 'coupler' yang dijual oleh defendan adalah bermutu rendah dibiarkan tidak dicabar oleh defendan. Unit-unit 'coupler' yang dijual oleh defendan kemungkinannya adalah unit-unit 'coupler' yang ditolak oleh plaintif di sumbernya kerana gagal memenuhi darjah mutu plaintif, dan yang mana selepas itu telah diimport oleh defendan untuk dijual semula di Malaysia. Tiada penjelasan atau penolak tuntutan ditanda pada label-label atau pada keluaran atau mana-mana risalah keluaran. Keluaran defendan tidak dijual sebagai barang kilang yang ditolak atau barang kelas dua kilang, tetapi sebaliknya dijual sebagai keluaran asli. Adalah amat jelas bahawa defendan menggambarkan keluarannya sebagai serupa dengan keluaran plaintif dalam semua aspek walhal fakta-fakta menunjukkan sebaliknya (lihat ms 103F–G, 104C–G dan 105A).

(6) Plaintif telah mengemukakan keterangan yang mencukupi bagi menunjukkan bahawa ia telah mengalami kerosakan kepada perniagaan atau nama baiknya. Selain daripada kerosakan akibat kehilangan jualan langsung, terdapat juga kerosakan kepada

plaintif yang berbangkit daripada unit-unit 'coupler' defendan yang bermutu rendah berbanding dengan unit-unit plaintif. Plaintif terdedah kepada liabiliti dan risiko litigasi disebabkan defendan menjual unit-unit 'coupler' yang bermutu rendah di bawah tanda niaga yang telah lama dikaitkan dengan plaintif oleh masyarakat awam. Plaintif telah mengalami kekeliruan per se sebagai akibat langsung kegiatan-kegiatan defendan yang melanggar undang-undang (lihat ms 106F–I).

Obiter:

Tingkahlaku perdayaan yang diamalkan oleh saluran keluar runcit defendan boleh dianggap disebabkan oleh defendan kerana defendan telah memilih untuk meletak instrumen fraud dalam tangan para peruncit. Defendan harus dipersalahkan atas perbuatan peruncit (lihat ms 106E).]

Notes

For cases on ownership of trade mark, see 12 *Mallal's Digest* (4th Ed, 1996 Reissue) paras 1193 and 1209.

For cases on passing off, see 12 *Mallal's Digest* (4th Ed, 1996 Reissue) paras1210–1260.

Cases referred to

Allen v Original Samuel Allen & Sons Ltd (1914) 32 RPC 33 (refd)
Brestian v Try [1958] RPC 161 (refd)
Britains Ltd v M Morris & Co (London) Ltd [1961] RPC 217 (refd)
Champagne Heidsieck et Cie v Scotto & Bishop (1926) 43 RPC 101 (folld)
Colgate-Palmolive Ltd & Anor v Markwell Finance Ltd & Anor [1989] RPC 49 (refd)
Compagnie Generale Des Eaux v Compagnie Generale Des Eaux Sdn Bhd [1996] 3 AMR 4015 (folld)
Erven Warnink Besloten Vennootschap & Anor v J Townend & Sons (Hull) Ltd & Anor [1979] AC 731 (folld)
Pinto v Badman (1891) 8 RPC 181 (refd)
Rolls-Royce Motors Ltd v Zanelli [1979] RPC 148 (refd)
Seet Chuan Seng & Anor v Tee Yih Jia Foods Manufacturing Pte Ltd [1994] 2 MLJ 770 (folld)
Seixo v Provezende [1866] 1 Ch App 192 (folld)
Tiga Gajah Cho Heng Sdn Bhd v Majuperak Tepung Beras Sdn Bhd [1997] 4 MLJ 504 (folld)
Walker v Mottram (1881) 19 Ch D 355 (refd)
Wilkinson Sword v Cripps & Lee [1982] FSR 16 (refd)

Legislation referred to

Trade Marks Act 1976 s 82(1), (2)

P Kandiah and *Jusmiyah bte Jasmi* (*Lee Ong & Kandiah*) for the plaintiff.
Chan Weng Keng and *HK Wong* (*Chang Weng Keng & Associates*) for the defendant.

Cur Adv Vult

Kamalanathan Ratnam JC:

The facts

The plaintiff, a Singapore registered company, is the beneficial and common law owner of the trade mark 'YORK BIG D' as applied on automotive parts including fifth wheel coupler units in class 12 of International Classifications of Goods for Trade Marks. The YORK BIG D mark was assigned with goodwill from Autolifts & Engineering Co Ltd on 11 September 1992 to the plaintiffs and is pending registration in Malaysia under Trademark Application No 91/04824.

The YORK BIG D was first used by York Trailer Co Ltd of United Kingdom and the fifth wheel coupler units bearing the said trade mark were distributed and sold in Malaysia from at least 1978, through their authorized distributor.

York Trailer Co Ltd and its subsidiary Autolifts & Engineering Co Ltd — the applicant for the registration of the said trade mark — were placed under receivership sometime in 1991. The business of the York Trailer Co Ltd in the Asia/Pacific region was acquired by the plaintiff in 1991 and the goodwill and rights to the said trade mark for the Asia/Pacific region was assigned to the plaintiff sometime in 1991. The said trade mark consists of the words YORK BIG D presented in a stylished manner and is distinctive of the plaintiff's goods and of no one else. The fifth wheel coupler units include a prominent and distinctive embossment of the capital letter 'D' on the upper surface body of the coupler unit and is distinctive of the plaintiff's goods and no one else in Malaysia ('the embossment'). The fifth wheel coupler units bearing the said trade mark and the embossment had been and is distributed for sale under licence in Malaysia since 1979 by Truckmaster (M) Sdn Bhd ('Truckmaster'). The said trade mark and the pictorial representation embossment was reproduced in all of the plaintiff's advertising and promotional pamphlets.

The plaintiff's case

It is the plaintiff's contention that the plaintiff and/or its predecessors in title to the said trade mark and its exclusive distributor in Malaysia, Truckmaster, have expended large sums of money in promoting the products with the said trade mark and the embossment in Malaysia. The plaintiff and/or its distributors in other parts of the world have also expended large sums of money in promoting the products with the said trade mark and embossment in various parts of the world. It was further contended that the plaintiff and/or Truckmaster have at all material times since its first introduction in Malaysia made extensive use of and have actively and extensively promoted, marketed and distributed the said trade mark and the embossment in relation to the fifth wheel coupler units. It was also pointed out that the plaintiff's fifth wheel coupler units have a wide distribution in Malaysia and in the regional countries. The plaintiff contended that by reason of extensive use, promotion and advertisements in Malaysia and in other countries, the plaintiff has acquired substantial

reputation and has valuable goodwill in the said trade mark and in the embossment when used on the fifth wheel coupler units. The said trade mark and the embossment denote to members of the trade and the public at large the fifth wheel coupler units of the plaintiff and none other.

It was the plaintiff's case that the defendant had put into the market, sold or offered to sell fifth wheel coupler units not connected with or of the plaintiff's manufacture and merchandise bearing a trade mark which is almost identical and is substantially similar to the plaintiff's trade mark and bearing an embossment of the capital letter 'D' on the upper surface of the coupler unit. The plaintiff stated that the use by the defendant of the offending trade mark and the distinctive embossment of the alphabet 'D' on the fifth wheel coupler units not connected with or of the plaintiff's manufacture or merchandise was calculated to lead and has led innocent purchasers to deception and to the belief that the defendant's said fifth wheel coupler units are the fifth wheel coupler units of the plaintiff and has further calculated to cause and had caused fifth wheel coupler units not of the plaintiff's manufacture and merchandise to be passed off as and for the fifth wheel coupler units of the plaintiff thereby causing the plaintiff to suffer damage. The plaintiff also contended that the defendant's fifth wheel coupler units bearing the offending trade mark and the embossment is of an inferior quality as compared to the plaintiff's product and is not to the specifications and quality standards of the plaintiff. In the circumstances, the deception and/or confusion likely to be caused to members of the trade and to the general public is and will be particularly damaging to the plaintiff's reputation and goodwill as any inferior quality or lack of quality in the defendant's fifth wheel coupler units would be unfairly attributed to the plaintiff's reputation and goodwill established in Malaysia. Finally, the plaintiff contended that the defendant has been at all times aware that the plaintiff was the common law owner of the said trade mark and that the said trade mark was applied for registration by the plaintiff or its predecessor in title.

What the plaintiff wants

The plaintiff therefore prayed for:

(a) An injunction to restrain the defendant by itself, its directors, partners, agents or servants or any of them or otherwise howsoever from doing the following acts or any of them, that it to say:

(1) Passing off or attempting to pass off and/or causing, enabling, procuring or assisting others to pass off whether by way of manufacturing, distributing, selling or offering for sale or for other purposes of trade fifth wheel coupler units not the fifth wheel coupler units of the plaintiff as and for the fifth wheel coupler units of the plaintiff by:

(i) the adoption and use of the plaintiff's trade mark more particularly represented in Sch A or any other mark or get-up which is confusingly, deceptively and colourably similar to the trade mark of the plaintiff; and

(ii) the adoption and use of the embossment of the capital alphabet 'D' on the body of the fifth wheel coupler units of the defendant.

(b) An order for the delivery up to the plaintiff or its solicitors or authorized agents for destruction, the offending products in the possession, custody, power or control of the defendant, its directors, its authorized agents or servants.

(c) An order for delivery up of all relevant documents, particularly import documents, bills, invoices, contracts, customer records, delivery orders, production orders and other documents relating to the defendant's manufacture, distribution, sales and/or offer for sale of the offending products in the possession, power, custody or control of the defendant, its directors, or its agents or servants.

(d) An enquiry as to damages or at the plaintiff's option an account of profits and an order for payments to the plaintiff of all sums found due upon taking such enquiry or account.

(e) Cost of this action.

The defendant's case

The defendant summarized its arguments by suggesting that there were only two issues for the court to decide, namely:

(1) Whether the plaintiff is the beneficial and common law owner of the unregistered YORK BIG D trade mark together with the goodwill of business associated with it in Malaysia; and

(2) Whether the plaintiff has successfully established the elements of passing-off against the defendant, that is to say passing off the defendant's YORK BIG D fifth wheel coupler units (imported from China and marketed in Malaysia) as and for the plaintiff's YORK BIG D fifth wheel coupler units in Malaysia.

It was the case of the defence that the title or ownership of YORK BIG D trade mark together with goodwill associated with it has not passed from the receivers to the plaintiff under the sale of shares agreement dated 20 December 1991 ('the agreement') which was an agreement between six parties, none of whom was the receivers. Two out of the six parties were Autolifts & Engineering Co Ltd and York Trailer Co Ltd. Since the receivers were not a party to the agreement dated 20 December 1991, they could not have been able to sell the same to the plaintiff. It was submitted that the plaintiff was merely attempting to claim ownership based on an agreement to which the receivers were never a party. The defendant pointed out that the unregistered trade mark YORK BIG D can only be validly assigned if it is assigned together with the goodwill or business associated with the mark. There was no further goodwill or business to assign after the British companies from whom the plaintiff has claimed ownership of the YORK BIG D trade mark went into receivership. Further, the defendant's case was that the conduct of the plaintiff was totally inconsistent with ownership of the trade mark YORK BIG D in that:

(i) The plaintiff has resorted to use of very substantially different trade mark to identify its product. A

(ii) The plaintiff has removed its corporate name and logo which consists of essential features of the trade mark YORK BIG D even before trial of this matter.

(iii) In resorting to very substantially different trade mark and trading under different corporate style and logo, the plaintiff has in effect defeated the terms of the interim injunction dated 27 April 1995 (encl 33) granted in its favour, allowing it to use the unregistered YORK BIG D trade mark pending outcome of trial in the matter. B

(iv) The plaintiff has failed to show up their product (ie fifth wheel coupler units) during the entire course of proceedings. C

(v) The plaintiff has failed to successfully establish elements of passing-off against the defendant.

The court's findings D

(1) IS THE PLAINTIFF THE LAWFUL OWNER OF THE YORK BIG D TRADE MARK IN MALAYSIA

The answer to this question rests on the issue of the plaintiff's locus standi to institute this action against the defendant. The agreement dated 20 December 1991 referred to by the defendant shows that there was a E sale of shares and intellectual property rights from Autolifts & Engineering Co Ltd to Majestic Manufacturing Pte Ltd of Singapore. PW1, the Group Managing Director of the plaintiff, testified that this company subsequently changed its name to York Pacific Holdings Pte Ltd and then changed its name to that of the plaintiff when it turned public. The agreement provided for the assignment of the goodwill of the vendor's business, together with F the trade mark YORK BIG D device in Malaysia and in other countries, to the plaintiff. Clause 3.1 of the agreement (p 35 of CABD) provided for the sale of the goodwill from York Trailers Overseas Ltd of United Kingdom to the plaintiff. Clause 3.3 provided for the sale of all rights, title and interest that Autolifts & Engineering Co Ltd had in the intellectual property G (which by definition in the agreement included the YORK BIG D trade mark and the goodwill) to the plaintiff for valuable consideration. Pursuant to cl 3.3 of the agreement, Autolifts & Engineering Co Ltd had on 11 September 1992 assigned to the plaintiff all the benefits of the trade mark application together with the goodwill or the business relating to the goods in respect of the trade mark application. PW1 also testified to the H above and his evidence was not seriously challenged in cross-examination. No new evidence was adduced by the defendant to show that:

(i) the assignment of the trade mark application;

(ii) the assignment of common law ownership of the trade mark; and I

(iii) the assignment of goodwill of the business related to the trade mark,

were not valid in law.

A The argument of Mr WK Chan for the defence, that since the agreement involved six parties and that since there were only five signatures at p 58 of CABD meant that the agreement was invalid, clearly lacks substance. The agreement is valid because the five signatures signed as receivers who executed for and on behalf of the six companies which were under receivership. Hence, the number of signatures did not matter. Other B than this issue, the defendant did not adduce any contradicting evidence to show that the agreement was invalid.

The defence attempted to argue that unregistered trade marks cannot be validly assigned in Malaysia. In *Tiga Gajah Cho Heng Sdn Bhd v Majuperak Tepung Beras Sdn Bhd* [1997] 4 MLJ 504, I accepted the C reasoning in *Pinto v Badman* (1891) 8 RPC 181 that at common law, there must be an assignment with goodwill before the subsequent parties could claim a valid title to the trade mark. I see no reason to change my views. The oral testimony of PW1 and the documents on pp 30–58 and 59–60 of CABD (the agreement dated 20 December 1991 and the deed of assignment D dated 11 September 1992 respectively) clearly show that all the rights in the trade mark YORK BIG D including all the goodwill associated with the mark in Malaysia was validly assigned to the plaintiff. The right to manufacture the goods had also been transferred to the plaintiff.

E (a) *Section 82(1) and (2) of the Trade Marks Act 1976 ('TMA')*

Section 82 reads:

> (1) No person shall be entitled to initiate any action to prevent or to recover damages for the infringement of an unregistered trade mark.
>
> (2) Notwithstanding subsection (1), nothing in this Act shall be deemed to F affect the right of action against any person for passing off goods or services as those of another person or the remedies in respect thereof.

The defence's reliance on this section will not hold in the light of my finding that there had been a proper assignment of the rights in the trade mark and the goodwill to the plaintiff. Even if I were to find that the said G agreement and the deed of assignment are not valid (which is not the case here) the plaintiff would have still acquired independent rights to the goodwill of the trade mark YORK BIG D, by virtue of extensive use and advertisement of the mark and the goods associated with the mark since the date the agreement was signed. In fact, PW1 testified in cross-examination that the plaintiff was claiming ownership to the mark since H 20 December 1991. From 20 December 1991 to 17 December 1994 being the date of issuance of the writ, there is no evidence that any other party had used the YORK BIG D trade mark in Malaysia in respect of fifth wheel coupler units so as to claim or be entitled to a concurrent or independent right to the said trade mark.

I I have no hesitation in finding that the plaintiff is the lawful owner of the YORK BIG D trade mark and the goodwill of the business associated with it and as such has the locus standi to institute this action.

(b) *The use of a new trade mark*

The defence contended that by not telling this court that the plaintiff had yet again, before the commencement of this trial on 2 May 1996, changed its name from as pleaded to Wasall Asia Pacific Ltd, the plaintiff is guilty of non-disclosure. It was submitted that this non-disclosure is material because the change to a new corporate name and logo has the effect of completely obliterating the essential feature of the trade mark. It was pointed out that the plaintiff has begun using a completely different trade mark YTE Q and different get-up rather than YORK BIG D, for the same product and had obliterated the word 'YORK' from its corporate trade name before trial. Such conduct, argued the defendant is inconsistent with ownership of YORK BIG D trade mark.

In reply, the plaintiff pointed out that at the date the writ was filed, the plaintiff was York Pacific Holdings Ltd. However, the said name was changed to Wasall Manufacturing Pte Ltd as of 14 March 1996. York Transport Equipment (Asia) Pte Ltd was a Singapore company whose shares were owned by York Trailer Overseas Ltd of United Kingdom (p 35 of CABD). On the administrative receivership of the latter company, its total shareholdings in York Transport Equipment (Asia) Pte Ltd was assigned to the plaintiff. The result was that York Transport Equipment (Asia) Pte Ltd became a wholly owned subsidiary of the plaintiff and the original name of the plaintiff was changed to the name as in the writ.

It is my finding that the defendant is labouring under the misconception that the receivers own the trade mark YORK BIG D and the associated goodwill in their personal capacities and that therefore the receivers must personally execute the agreement. This is clearly not the case. The receivers merely stepped into the shoes of the board of directors of the company under receivership to carry out the duties laid out in the debenture deed dated 30 June 1988 issued by the vendors and others. Clause 3 of the said agreement clearly identifies that the vendors shall act by its receivers. If this is so, there is no need for the receivers to sign the agreement as a separate party in addition to signing the agreement in their capacity as receivers of the vendors. It is my judgment that the defendant's contention that the receivers must sign the agreement separately as a party just because the receivers are identified by name in the preamble to the agreement, for the agreement to be valid, is untenable in law. It must be borne in mind that the receivers were appointed as 'administrative receivers' and not as liquidators of the business (see cl 1.1 of the agreement at p 31 of CABD). Thus, the York Group business in Malaysia was not liquidated but merely re-arranged. Therefore, I find that there is no reason why the goodwill associated with the trade mark YORK BIG D cannot be assigned to a third party, in this case the plaintiff, who continued the business without interruption thereafter.

This action against the defendant was commenced on 1 November 1994. The plaintiff being a public listed company in Singapore cannot be expected to remain stagnant. The fact that the plaintiff has now introduced new trade marks does not detract from the fact that at the date of the

issuance of the writ the plaintiff was using the YORK BIG D trade mark. PW1 testified that the plaintiff is still using the York Big D trade mark on existing stock and for replacement parts. The YORK BIG D trade mark has not been abandoned but is still being used, although the plaintiff has now introduced a new trade mark which still retains the word 'YORK'.

As for the contention that the plaintiff has since issuance of the writ changed its name to Wasall Asia Pacific Ltd, it is my judgment that the fact that the plaintiff has changed its corporate name has no relevance. This action is one of passing-off of goods and *not* one of passing-off of the plaintiff's trade name. If the action was one of passing-off by the defendant adopting a trade name identical or in confusion with, or substantially similar to the plaintiff's, then the change of the trading name becomes relevant. This is not the case before me. It is wrong for the defendant to submit that the corporate name also functions as the trade mark YORK BIG D. A corporate name *cannot* function as a trade mark. Of course a person can use the same word as a corporate name and as a trade mark. Therefore, it is my judgment that a corporate name can be changed without any corresponding change in the trade mark.

(2) HAS THE PLAINTIFF SHOWN THAT IT OWNS THE REPUTATION AND GOODWILL TO THE YORK BIG D TRADE MARK IN MALAYSIA IN RESPECT OF THE FIFTH WHEEL COUPLER UNITS

I have in *Compagnie Generale Des Eaux v Compagnie Generale Des Eaux Sdn Bhd* [1996] 3 AMR 4015 considered the test to be found in an action in passing-off, by adopting both the views of Lord Diplock LJ and Fraser LJ in *Erven Warnink Besloten Vennootschap & Anor v J Townend & Sons (Hull) Ltd & Anor* [1979] AC 731 and summarizing them into three elements which the plaintiff had to prove in a passing-off action, namely:

(a) that the plaintiff has a sufficient reputation or goodwill in the trade name in question in the local jurisdiction;

(b) that the actions of the defendant are likely to or have actually caused deception or confusion; and

(c) that the plaintiff has suffered or is likely to suffer damage or injury to his business or goodwill as a result of the defendant's misrepresentation.

Further, the plaintiff had to satisfy the test on a balance of probabilities.

(a) *Has the plaintiff a sufficient reputation or goodwill in the trade mark in question in Malaysia*

It is clear that the predecessors in title to the common law ownership of the trade mark YORK BIG D and the goodwill of the business had by the agreement dated 20 December 1991 and the subsequent enabling deed of assignment dated 11 September 1992, conferred on the plaintiff the absolute rights to the trade mark and the goodwill of the business. In *Walker v Mottram* (1881) 19 Ch D 355, the Court of Appeal held that between the

parties to an assignment of the goodwill in a business, the effect is to confer on the assignee the exclusive right to carry on the business assigned and to represent himself as carrying on that business. In *Allen v Original Samuel Allen & Sons Ltd* (1914) 32 RPC 33, the court held that the name is an important part of the goodwill of the business assigned. In the present case, the distinctive feature of the business of the assignor of the goodwill of the business was YORK BIG D trade mark. It is my finding that all the goodwill to the business and the trade mark YORK BIG D owned by York Trailer Group as at 20 December 1991 were validly assigned to the plaintiff who continues to trade under the same trade mark and solicit from the same customers in the territory. There is no evidence of a break in the transfer of goodwill in the mark or business, nor is there any evidence of any abandonment of the goodwill since 20 December 1991 until the writ was issued. It is clear that the plaintiff and the assignors of the business and the trade mark had continuously since 1979 sold YORK BIG D coupler units in Malaysia through locally appointed distribution agents. Documentary evidence showed sales of YORK BIG D coupler units in Malaysia since 9 September 1980 by Truckmaster, the authorized distributor of the plaintiff. In fact, even DW1 who was authorized to give evidence on behalf of the defendant testified that the York Transport Co Ltd, United Kingdom, had sold the YORK BIG D coupler units in Malaysia 30 years ago through Harper Gilfillan.

The defendant produced a brochure of Kellet Truck & Trailer ('Kellet') showing a reference to YORK BIG D fifth wheels. The document is however undated. PW1 testified that Kellet only operated in the United Kingdom and had no operations in Malaysia. In cross-examination, DW1 said that he imported YORK BIG D coupler units from Britain and produced documentary evidence of such purchase. However, the said document (p 306 of CABD) was dated 15 June 1995 and which was after the date of the issuance of the writ. The defendant did not produce any other evidence of sales of YORK BIG D coupler units sourced from other parties other than from China. The defendant did not produce any other brochures or pamphlets of any other distributor or manufacturer to show that the YORK BIG D trade mark coupler units were widely sold in Malaysia prior to the date of the writ of summons.

The defendant however produced Trade Mark Application No 91/07981 (pp 349–351 of CABD) and photographs of the YORK mark. The application and the photographs refer to the mark YORK as applied on air-conditioners which are patently a different class of goods as compared to fifth wheel coupler units and are distributed in different channels of trade. It is my judgment that the use of the YORK trade mark on air-conditioners, in no way destroys the distinctiveness of the YORK BIG D mark as applied on fifth wheel coupler units.

The evidence clearly shows that goodwill to the business with the trade mark YORK BIG D applied on fifth wheel coupler units, belongs to the plaintiff. The trade mark had been used in Malaysia for at least 30 years and all goodwill associated with the mark had been acquired by the plaintiff. In addition, all goodwill generated in the use of the YORK

A BIG D trade mark since 20 December 1991 is also independently owned by the plaintiff which it is entitled to protect from misappropriation.

(b) *Whether there was confusion and deception in the market as a result of the defendant selling or offering to sell fifth wheel coupler units bearing the YORK BIG D trade mark*

B

Again in *Compagnie General* wherein I had considered in full the twin issues of confusion and deception and the related authorities, I had come to the conclusion that 'in deciding on this question of confusion, the court is guided and aided by the evidence adduced'. I shall adopt the same C principle in this case. The court in deciding whether there is confusion and deception adopts a realistic standard. The public at large is not particularly careful nor knowledgeable and a proportion may be deceived by ambivalent material which would not mislead in every case.

The fifth wheel coupler units are purchased by trailer building D companies from various spare part shops. The coupler units are ordered by placing a purchasing order, or by telephone. The customers being used to the YORK BIG D trade mark since 1979, would remember the mark YORK BIG D as the distinctive mark of the plaintiff's fifth wheel coupler units. The defendant has adopted the very distinctive mark of the plaintiff for its mark. This is not disputed by the defendant and in fact is admitted E by Mr Chan, counsel for the defendant (p 75 of notes of evidence). The defendant had not taken any steps whatsoever to inform the public that its fifth wheel coupler units are imported directly from China. There is no evidence of the defendant promoting or advertising its product. Even though DW1 said that the defendant had not advertised the BIG D coupler units at the initial stages, it is pertinent to note that not a single F advertisement nor a product brochure printed by it was produced in evidence. In fact, DW1 admitted in cross-examination that he never advertised the YORK BIG D coupler units in Malaysia at all. In the absence of any advertisements, brochures, pamphlets, promotions or public announcements of the defendant's product, there is no way that the public G will associate the defendant's product with the defendant. The absence of advertisements and promotions by the defendant on the introduction of its fifth wheel coupler units and the adoption of the YORK BIG D trade mark show that it intended to rely on the goodwill and reputation of the plaintiff's trade mark to sell its product. This view is further supported when I consider DW1's evidence wherein he was of the view that the H defendant is free to use a third party's trade mark so long as it is not registered in Malaysia. The defendant also adopted the view that since the YORK BIG D trade mark was first used by York Trailer Co Ltd of United Kingdom in Malaysia and since that company had gone into liquidation, the defendant was at liberty to use the YORK Big D trade mark. The I defendant failed to appreciate that all rights in the trade mark owned by Autolifts & Engineering Co Ltd of United Kingdom, a company within the York Trailer Co Ltd, was lawfully assigned for valuable consideration to the plaintiff.

The receipts issued by the defendant refer to its product by the trade mark York Fifth Wheel Big D, with Chinese characters in front, as used in China, and not by the mark YORK BIG D.

The court to consider imperfect recollection of the purchaser

The court must give allowance for the imperfect recollection of the purchaser. The plaintiff's coupler units are known for more than 30 years as YORK BIG D coupler units. The defendant had adopted the identical mark albeit with the word 'Imported by U-RE AUTO SDN BHD' in small letterings in the identification plate. A normal purchaser would not have perfect recollection of the full details of the plaintiff's trade mark but in all likelihood would recall it as YORK or YORK BIG D coupler units. This is precisely the same distinguishing mark adopted by the defendant.

In *Tiga Gajah*, I had held that there is an infringement, even though there is no exact imitation, by the use of a mark to nearly resembling the registered mark as to be likely to deceive the customers and it is sufficient if the customer has a general impression of the trade mark sufficient to cause him to purchase the products of the respondent with only the memory of the applicants' device. In *Seixo v Provezende* [1866] 1 Ch App 192, the court held that no trader can adopt a trade mark so resembling that of another trader, that persons purchasing with ordinary caution are likely to be misled, though they would not be misled if they saw the two trade marks side by side. Nor can a trader, even with some claim in the mark or name, adopt a trade mark which will cause his goods to bear the same name in the market as those of a rival trader. In *Seet Chuan Seng & Anor v Tee Yih Jia Foods Manufacturing Pte Ltd* [1994] 2 MLJ 770, Gunn Chit Tuan CJ (Malaya) held that as the logo and the get-up had become distinctive of the respondent's products, the use by the appellants was certainly likely to deceive or cause deception.

There is no requirement for the plaintiff to prove actual deception or confusion. In *Erven Warnink*, the House of Lords was of the view that so long as the necessary elements to establish passing-off was there, it was then only necessary for the plaintiff to show that the misrepresentation was calculated to injure the business or goodwill of another trader. What in effect was meant was that the court would adopt the reasonably foreseeable test.

It is my finding that the adoption of the YORK BIG D trade mark by the defendant is very likely to cause confusion and deception in the market.

(c) *Has the plaintiff suffered or is likely to suffer damage or injury to his business or goodwill as a result of the defendant's misrepresentation*

(i) The legal effect of restriction on the manufacturers in China

Even assuming that the defendant imports its coupler units from the same source as the plaintiff, there were express provisions that the manufacturers had no authority to export fifth wheel coupler units under the YORK BIG D trade mark to Malaysia without the consent of the plaintiff. The agreement dated 23 November 1984 between York Trailer Co Ltd and

China National Automobile Industry Import and Export Corp ('China National') places restrictions on the latter on the export of the coupler units. Clause 3(a) expressly states that China National shall not be entitled to sell any of the products outside China except to York. By virtue of the agreement dated 20 December 1991, all rights to the intellectual property and goodwill including the trade mark YORK BIG D and the goodwill associated with it, were sold to the plaintiff, under its former name, Majestic Manufacturing Pte Ltd.

Further, under an agreement dated 18 November 1992 between the plaintiff, China National and Siping Special Automatic Industry Corp ('Siping'), Siping and China National expressly agreed that the YORK BIG D shall be used by Siping only in China and had no right to export the products bearing the YORK BIG D trade mark to any person except to the plaintiff or its subsidiary companies or to such other party authorized in writing by the plaintiff. There is no evidence that the plaintiff had given any authorization to the defendant to import coupler units under the YORK BIG D trade mark. Further, China National and Siping had warranted to the plaintiff that it will take all necessary steps to prevent the sale of BIG D fifth wheel coupler units to other parties which might result in BIG D fifth wheel coupler units being exported to third parties outside China either directly or indirectly. PW1 testified that Siping did not honour the agreement and that it started to export the rejected products outside China despite the express provision in the agreement. PW1 further testified that the plaintiff had instructed its lawyers in China to write to Siping to respect the plaintiff's YORK BIG D trade mark rights. Siping had through its lawyers expressly agreed that it had no intention to use YORK BIG D trade mark, but questioned the plaintiff as to the disposal of the 2,000 units it had in stock.

PW1 also testified that Siping had no authority to use the YORK BIG D trade mark after 18 November 1994. Under cross-examination, PW1 maintained that Siping had no right to use the YORK BIG D trade mark on fifth wheel coupler units.

The defence tendered two letters dated 18 October 1994 (pp 300, 301 of CABD) from China stating that the authors of the letters were authorized to market YORK BIG D fifth wheel coupler units in Malaysia. The letter at p 300 is from Siping to the defendant and has no relevance. It refers to a trade mark YORK BIG D preceded by two Chinese characters. However, the defendant did not use this mark but used only the mark YORK BIG D without any Chinese characters. Further, in the said letter, Siping states that it has given authority to China Heavy Duty Truck Import/Export Co ('HTIE'). But HTIE is not a party to any agreement with the plaintiff and is a total stranger to the agreement between Siping and the plaintiff. In any case, by virtue of cl 8.3 of the agreement dated 18 September 1992, Siping had agreed not to export the YORK BIG D coupler units outside China through any party except China National. Therefore, this letter at p 300 from Siping is a blatant violation of the agreement of 18 September 1992. On that score too, the said letter must be rejected.

I reject the other letter at p 301 from HTIE to the defendant, firstly, because as of the date of the letter (18 October 1994) Siping had no authority to appoint HTIE as an exporter of the YORK BIG D coupler units. Secondly, this mark too has two Chinese characters preceding it and the defendant in any case was using the mark minus the Chinese characters.

I find that none of the Chinese parties had authority to export the fifth wheel coupler units under the YORK BIG D trade mark in Malaysia. Any purported letters of consent as seen in pp 300 and 301 from Siping and China National are invalid as the letters are against the express provisions of the terms of the agreements dated 23 November 1984 and 18 November 1984.

(ii) Has there been misrepresentation?

In *Wilkinson Sword v Cripps & Lee* [1982] FSR 16, the action arose as a result of the defendants having imported from the USA razor blades of the plaintiffs' manufacture which though marketed abroad under the plaintiffs' trade names were of an inferior quality to similar blades which the plaintiffs manufactured and marketed in the UK. The plaintiffs alleged that by such acts, the defendants had passed off razor blades of inferior quality as being razor blades of the same quality as those sold by them in the UK.

Falconer J said at p 28 of the case:

> The final sentence of the paragraph, as I have indicated, pleads that there has been passing-off, and it is really saying that it is passing-off by offer for sale and selling of those inferior quality blades under the marks as and for the superior quality blades which are normally sold by the plaintiffs under the marks in the country. That is the misrepresentation wrapped up with the allegation. To my mind, that is a clear pleading of passing-off by that kind of misrepresentation.

In *Colgate-Palmolive Ltd & Anor v Markwell Finance Ltd & Anor* [1989] RPC 49, the facts showed that the defendants imported and sold in UK toothpaste which were of an inferior quality from that sold by the plaintiffs under substantially similar trade mark.

The Court of Appeal held that there was no reason why a trader who placed the same mark on two distinct classes of article produced by him, a superior class and an inferior class, should not be entitled to bring a passing-off action against a person who sold goods of the inferior class in circumstances which imported a false representation that the goods were of the superior class and thereby damaged the trader's reputation. The court further held that a misrepresentation as to the character and quality of the Brazilian toothpaste had been and would be made by the defendants to potential customers in the UK. It was no defence to show that the goods were originally produced and sold by a subsidiary of Colgate US.

The evidence adduced by the plaintiff shows that the fifth wheel coupler units imported and sold by the defendant were not of the same technical quality as that of coupler units sold by the plaintiff in the Malaysian market.

PW1 testified that the quality standards of the coupler units shipped out of the Siping factory in China deteriorated and were rejected at the source itself or rejected in Singapore on subsequent quality control tests and inspection. This evidence of the plaintiff remains unchallenged by the defendant. No evidence whatsoever was adduced by the defendant to show that the quality of the coupler units rejected in the China factory or that the quality of the coupler units sold in the local market in China by the manufacturer is the same as the quality of the coupler units sold by the plaintiff in Malaysia.

The plaintiff's coupler units are covered by product liability insurance in Malaysia, as evidenced in an open letter to all customers dated 30 September 1994 issued by the plaintiff (p 91 of CABD).

There is no dispute that the fifth wheel coupler unit purchased by the agents of the plaintiff (PW3) from the defendant was the unit examined by PW2.

PW2, the Quality Assurance Manager in York Transport Equipment (Asia) Pte Ltd, testified that all coupler units under the YORK BIG D trade mark imported from China, are quality examined according to MIL-STD 105D and also that his company's operations have been certified by SISIR for ISO 9002 since early 1993. He testified that all the products undergo stringent quality inspection and that sample products obtained from the defendant were of different and of inferior quality. PW2's testimony on the inferiority of the defendant's coupler units remains unchallenged. The defendant had not adduced any evidence whatsoever to show the test results were false or inaccurate. No independent tests were done by the defendant to challenge the accuracy and interpretation of the tests conducted by the plaintiff. The test results were already known to the defendant at the time the writ of summons was filed, at the application for an interim injunction. PW2 had filed an affidavit disclosing the test results. No other experts were called to testify on behalf of the defendant that the tests conducted by the plaintiff were not proper nor that the results were inaccurate. I therefore accept the unchallenged testimony on the inferior quality of the defendant's product as a fact.

DW1 testified that he does not carry out any inspection or quality control test on the fifth wheel coupler units imported from China. DW1 testified that he does not do any quality control inspection or test. In fact, in cross-examination, DW1 testified that the defendant does not have any equipment to carry out tests; no engineers are employed to carry out any test or inspection. I reject the testimonies of DW1 and DW2 with regard to the provision of product warranty. Firstly, when PW3 purchased a sample fifth wheel coupler unit bearing the YORK BIG D trade mark from the defendant's premises itself, no certificate of warranty or letter or other documents of warranty was given to PW3; only a cash receipt was given (p 90 of CABD). Secondly, the defendant did not produce any documents that purport to be a warranty for the product. Thirdly, DW2 testified that the defendant does not specify the period of warranty. This means that it provides an indefinite warranty which no prudent business gives to a product which is subject to wear and tear. Even if a warranty is given, there

is neither space nor proper equipment, at the defendant's premises for the repair of the defective products to be carried out. Fourthly, no witnesses were called from the manufacturer of the defendant's products to prove that the quality of the defendant's products is the same as that of the plaintiff's products.

That the defendant's products are of poor quality is further evidenced by the complaints on quality received by the retailers as communicated to PW4. DW1 also testified that the defendant has tampered with the fifth wheel coupler units imported from China, by placing its own identification plate bearing the YORK BIG D trade mark.

The coupler units sold by the defendant are in all probability those coupler units rejected by the plaintiff at the source (at the Siping factory) for failing to meet the quality standards of the plaintiff, and which thereafter have been imported by the defendant for re-sale into Malaysia.

Does such re-sale of coupler units rejected by the plaintiff in one country, and imported and sold in Malaysia by the defendant without any explanation to the ordinary members of the public constitute passing-off?

In *Champagne Heidsieck et Cie v Scotto & Bishop* (1926) 43 RPC 101, the court held there was passing-off where champagne of the plaintiff's continental quality, different in taste and get-up to the English quality, was sold in England under labels which were forgeries of the English labels. In this case before me, it is evident that the defendant had removed the original Chinese labels and replaced them with its own labels with the words 'Imported by U-RE AUTO SDN BHD' and the YORK BIG D trade mark in identical device, logo, colour, shape and size. This new label is affixed on the coupler unit at the exact position as the plaintiff's identification place. In fact, the defendant had deliberately removed the original Chinese mark plate and this is admitted by DW1 in cross-examination.

No clarification or disclaimer was marked on the labels or on the product or on any product brochures. The defendant's products are not sold as factory rejects or factory seconds, but instead sold as the original products.

In *Britains Ltd v M Morris & Co (London) Ltd* [1961] RPC 217, the court held that it is passing-off when the defendant imported rejected goods of the plaintiff in one territory and sold them in another territory where the plaintiff was trading.

Further, the defendant has not shown that the defendant's products originate from the same source as the plaintiff.

The documents produced by the plaintiff's show that the products are manufactured under authority of China National whereas the defendant's products appear to be imported from China First Autogroup Siping Special Automobiles of 112 East Pingdong Road, Siping or China Heavy Duty Truck Import & Export Corp of 8, Feng Xien Road, Quingdao, China. No evidence was given as to how these two companies are related to China National. In the absence of clear evidence on this, I find that the

A defendant sourced its products from a different source and *not* from the same source as the plaintiff.

It is very clear that the defendant represented its products as identical in all aspects to the plaintiff's products when the facts show otherwise.

B (iii) What is the legal effect of restriction on the manufacturers in China in restricting the export of fifth wheel coupler units outside China without the consent of the plaintiff?

Even assuming that the defendant imports its coupler units from the same source as the plaintiff, there were express provisions that the manufacturer C had no authority to export fifth wheel coupler units under the YORK BIG D trade mark to Malaysia by itself without the consent of the plaintiff.

The defendant's contention that the plaintiff did not produce in court its fifth wheel coupler unit which was the subject of comparison with that of the defendant's, in the preparation of the report marked P1, is unacceptable. The plaintiff's product is clearly displayed at pp 96–98 D (photographs) and at pp 99–100 and 107–110 of CABD where on the plaintiff's product brochures the name of its wholly owned subsidiary is clearly stated.

Pages 101–104 of CABD show a product pamphlet published by York Trailer Co Ltd of St Mark's Road, Corby NN 18 8AH, Northants, E which is one of the vendors named in the agreement dated 20 December 1991 and which had assigned all rights in goodwill to the plaintiff. As detailed drawings and photographs were produced to the court, there is no strong reason to bring to court a 120kg coupler as an exhibit which would no doubt require forklift trucks. Further, the defendant did not challenge F the authenticity of the photographs and the brochures nor did it contend that they are not the true reproduction of the actual coupler units.

(iv) Has there been damage to its business or goodwill?

In *Compagnie Generale Des Eaux*, I had said:

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> In any event, in a passing-off action, a plaintiff does not have to prove actual damage in order to succeed. Likelihood of damage is sufficient. One of the ways in which a business reputation may be injured is by the appropriation of that reputation or part of it by a third party. Such appropriation may be brought about by the adoption of a name which suggests that the person or company adopting it is in some way connected or associated with the person H or company enjoying the reputation.

In the present case, the plaintiff has adduced sufficient evidence to show that it has suffered damage to its business or goodwill.

PW4 testified that some of the spare part shops, namely GF Engineering (M) Sdn Bhd and Wellex (M) Sdn Bhd had stopped purchasing I the plaintiff's fifth wheel coupler units but instead purchased the defendant's fifth wheel coupler units under the YORK BIG D trade mark for resale to ultimate customers. He also testified that when the defendant first introduced its fifth wheel coupler units in the Malaysian market, the

plaintiff's sales of its coupler units dropped by as much as 50%. In cross-examination, PW4 maintained that the sales dropped as much as 50% when the defendant introduced its product. PW1 in cross-examination testified that the defendant seriously damaged its sales and reputation in the market by savagely lowering the prices. As evidence of the reduction in prices, he relied on pp 115 and 228 of CABD as examples of the defendant's invoices, which show the retail price of one coupler unit at RM1,000. DW2 also admitted in cross-examination that the average price of its coupler units is RM1,000. Plaintiff's distributor in Malaysia, Truckmaster, sold the units at RM1,250 per unit in 1995.

The defendant does not sell the offending coupler units all by itself, but instead sells the products to various retail outlets who subsequently sell to ultimate consumers. There is no guarantee that the retail outlets will explain to the ultimate customers that the products are different from that of the plaintiff's. DW2 testified that the products are sold to spare part shops and no training has been given to these spare part shops on how the fifth wheel coupler units are to be sold. DW2 in fact admitted that the defendant does not have control as to how the spare part shops sell the coupler units to the final customers. In all likelihood, the defendant by adopting the YORK BIG D trade mark on its coupler units and selling them to spare part shops who then sell to ultimate customers, is in fact putting an instrument of fraud or deception into the hands of spare part shops over whom it does not have any control. The acts of deception practised by the retail outlets of the defendant are attributable to the defendant for it is the defendant who has chosen to put an instrument of fraud into the retailers' hands. The defendant is liable for the acts of the retailers.

Apart from damage from direct loss of sales, there is also damage to the plaintiff arising from lower quality of the defendant's coupler units from that of the plaintiff's coupler units. As a result of poor quality of the defendant's coupler units which are not distinguished from the plaintiff's coupler units, the public would lose confidence and trust in the plaintiff's coupler units.

In *Rolls-Royce Motors Ltd v Zanelli* [1979] RPC 148, Browne-Wilkinson J said:

> The damage that may be done to the plaintiffs, if inferior work is put out as being the work of Rolls-Royce, is quite incalculable and of very great financial harm to Rolls-Royce. On this aspect of the case, they are certainly in a very unusual position, in that a large part of the goodwill of Rolls-Royce does depend on their reputation for immaculate finish and engineering.

The plaintiff is exposed to liability and the risk of litigation as a result of the defendant selling inferior quality coupler units under a trade mark which has long been associated by the public with the plaintiff. PW1 and PW2 testified that the coupler units are considered safety critical units. Any failure while the units are in use on trailers would result in serious accidents and disastrous consequences. PW2 testified in detail of the consequences of failure of the product purchased directly from the

defendant's premises. In the event the risk materializes, the plaintiff would be exposed to litigation and other serious consequences in liability. The YORK BIG D trade mark has come to be associated exclusively with the plaintiff's business. In the event there is damage (including personal injury or death) caused by a defect in the defendant's coupler unit, then liability extends to any person who has held himself out as producers of the product by putting his trade mark on it. Although the plaintiff may escape liability in a litigation, the plaintiff may be dragged into litigation. The risk of this happening is very real as it might be very difficult to trace the damage back to a specific defective article and establish whether it was the defendant's or the plaintiff's coupler units.

The plaintiff has suffered confusion per se as a direct consequence of the defendant's offending activities.

In *Brestian v Try* [1958] RPC 161, Jenkins LJ said:

> In an action such as this, the plaintiff in order to succeed must show first that he has a proprietary interest in the name, or perhaps it is more accurate to say in the goodwill attaching to the name, and, secondly, that the adoption of (the) name by the defendant brings about a tangible risk of damage whether in the form of diversion of customers or confusion of the plaintiff's and defendant's businesses or both. To that, one must add that confusion in itself is held to import a sufficient risk of damage to maintain the action.

After considering all the submissions and reading all the authorities canvassed before me, I granted the plaintiff an order in terms of prayers (a) (i)(ii)(iii), (b), (c), (d) and (e).

Application allowed.

Reported by Jamalul Hisham